



The Secretary of Energy
Washington, D.C. 20585

May 11, 2009

The Honorable F. James Sensenbrenner, Jr.
Ranking Member, House Select Committee on Energy
Independence and Global Warming
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Sensenbrenner:

Thank you for your February 25 and March 31, 2009, letters regarding the funding provided to the Department of Energy (DOE) with the passage of the American Recovery and Reinvestment Act of 2009, Public Law 111-5.

In response to the passage of this legislation, my top priority is to get money into the economy quickly, carefully, and transparently. To that end, I have put into place a set of processes within the Department to get Recovery Act funds out the door, to good projects, in order to make a significant down payment toward the Nation's energy and environmental goals, create jobs, and provide incentives for private capital to move off the sidelines and back into the markets.

In your letters you requested details of how the funding is to be spent, the internal processes used to make the determinations, and a list of the members on the DOE Advisory Board. I am providing that information in the enclosures. The Advisory Board will be comprised of Department employees only.

In addition, you also requested a briefing for your staff by Mr. Rogers or from someone on his staff. To set up that briefing you will be contacted by Ms. Betty A. Nolan, Senior Advisor, Office of Congressional and Intergovernmental Affairs. In the interim, if you have any questions Ms. Nolan can be reached on (202) 586-5450.

Sincerely,

A handwritten signature in dark ink, appearing to read "Chu", is written over a horizontal line.

Steven Chu

Enclosures



**DOE funding under the American Recovery
and Reinvestment Act of 2009 (Recovery Act)**

Enclosure 1

Recovery Act DOE Program Funding	Funding Amount Dollars in Thousands
Energy Efficiency and Renewable Energy	\$16,800,000
Electricity Delivery and Energy Reliability	\$4,500,000
Fossil Energy R&D	\$3,400,000
Science	\$1,600,000
Advanced Research Projects Agency-Energy, ARPA-E	\$400,000
Environmental Management	\$6,000,000
DOE, Subtotal	\$32,7000,000
DOE Innovative Technologies Loan Programs	\$6,000,000
DOE Western Area Power Administration	\$10,000
DOE IG	\$15,000
DOE GRAND TOTAL*	\$38,725,000

*Grand Total excludes borrowing authority of \$3.25 billion for the Western Area Power Administration and \$3.25 billion for the Bonneville Power Administration

Internal DOE Processes

DOE's implementation process follows the Office of Management and Budget (OMB) Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009, (M-09-15), issued on April 3, 2009 and provided to all Federal agencies. This updated guidance supplements, amends and clarifies the initial guidance issued by OMB on February 18, 2009, Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009, (M-09-10). These sets of guidance contain critical steps that each Federal agency must take to implement the Act effectively. In accordance with the OMB guidance, the following *highlights* are provided to illustrate the processes DOE has or is in the process of putting into place across the Department.

DOE Office of the Secretary:

- The Secretary has directed that the Department carry out Recovery Act activities within DOE with the highest level of speed, discipline, transparency, and accountability.
- DOE has designated Matt Rogers as the senior accountable official, on behalf of the Secretary, for Recovery Act activities and as such he has the authority and responsibility to coordinate all Recovery Act funding for the agency.
- DOE has developed detailed implementation plans for each of the estimated 150 Recovery Act projects, upgrading process controls where needed; establishing risk assurance accountability protocols; and expanding training, outreach, and coordination between Headquarters and the field.
- As soon as the Recovery Act was passed, the Secretary directed that DOE conduct Department-wide risk assessments to identify existing or potential vulnerabilities for our programs that might hinder efforts to deliver on Recovery Act commitments.
- In response to the potential for risks, the Department, at the Secretary's direction, developed risk mitigation plans to strengthen and upgrade internal controls and reduce the potential for fraud, waste, and abuse of Recovery Act funds.
- DOE's financial systems will also be aligned to accept Recovery data, perform analysis and track the execution of Recovery Act funds so that senior DOE management can monitor progress and report to the public through Recovery.gov.
- These policies and procedures reflect the Secretary's commitment to improve performance and increase accountability for Recovery Act funds provided to this Department.

Transparency and Reporting

- DOE will report spending and performance data to the OMB website that is accessible by every taxpayer at Recovery.gov.
- Starting March 3rd, DOE began reporting to OMB weekly reports on a breakdown of our funding, major actions underway and those in the planning stage. This weekly reporting was to be replaced by a monthly report; however, effective with the updated OMB guidance, the monthly report has been eliminated.
- No later than May 1st, and finalized no later than May 15th, DOE will provide OMB with an Agency-Wide Recovery Plan and multiple Program-Specific Recovery Plans that describe, among other items, our agency's Recovery goals, activities, schedules, and performance measures.
- Section 1512 of the Recovery Act requires recipient reporting to begin 180 days after enactment and for reports to be submitted by recipients 10 days after the end of each calendar quarter. This results in an initial statutory reporting deadline of October 10, 2009 with quarterly reports due 10 days after the end of each calendar quarter thereafter.
- To maximize the transparency of Recovery Act funding and consistent with the OMB guidance, DOE will not co-mingle Recovery Act funds with other appropriated funds. DOE financial systems will separately report and track Recovery-related apportionments, allotments, obligations and expenditures.
- To support OMB reporting requirements and internal DOE management of Recovery funds, DOE plans to leverage existing corporate systems to the maximum extent possible. This approach minimizes the need to create separate data feeds, and will provide data integrity and consistency across reporting systems.
- DOE is implementing a system to collect and report all jobs created and saved consistent with Section 1512 of the American Recovery and Reinvestment Act of 2009. The Recovery Act contains two distinct types of reporting requirements for jobs. First, the Council of Economic Advisers is required to provide quarterly reports on employment, economic growth and other key economic indicators. Second, job estimates will be reported by recipients of Recovery Act funds for each project or activity.
- OMB is continuing to work with federal agencies to include job reporting requirements in the terms and conditions of contracts, grants and loan agreements.
- Additional discussion has been added in the implementing guidance by OMB on small business participation in Recovery Act funds.

Internal Controls

- DOE is instituting additional internal controls to ensure that funds are used only for authorized purposes and that risk mitigation plans are put into place to minimize instances of waste, fraud, and abuse.
- DOE instituted a corporate certification assurance process whereby an up-front “Acknowledgement of Management’s Responsibility for Internal Controls” was required from the heads of each impacted Headquarters program office, the Field Chief Financial Officers and key field office managers. To ensure accountability at year-end for the expenditure of Recovery Act funding, a follow-up year-end Recovery Act assurance certification will be required of those same managers to ensure that all internal controls are effective and that key Recovery Act objectives have been met. This added internal control supplements the existing DOE certification process required under the Federal Managers’ Financial Integrity Act (FMFIA), and the OMB Circular A-123, Appendix A, Management’s Responsibility for Internal Control.
- Internal policies and procedures will be put into place or supplemented to ensure that procurement practices are conducted appropriately in conjunction with General Counsel and the applicable DOE guidelines and regulations.
- The DOE Office of the Inspector General will offer grant and contractor fraud training to programs and field sites to establish and reaffirm that adequate procurement policies are in place and functioning correctly in the area of waste, fraud and abuse.
- The DOE Chief Financial Officer’s Office of Internal Review will monitor program implementation of risk mitigation plans and conduct:
 - Independent monitoring/reviews/inspections as required;
 - Perform cross-cutting analyses and vulnerability assessments; and
 - Educate and consult with program and field organizations on internal controls, vulnerability/risk assessments, risk mitigation, and other key internal control areas of review.

Enclosure 3

DOE Advisory Board*

Head of the Board:

Matt Rogers

Members on the Board:

Chief Financial Officer:
Office of Management:
General Counsel:

Steve Isakowitz
Ingrid Kolb
Mary Egger
Susan Beard

*Membership is tentative.